



3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-557-816]

Certain Steel Nails from Malaysia; Final Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) determines that imports of certain steel nails from Malaysia are being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The final weighted-average dumping margins of sales at LTFV are listed below in the section entitled “Final Determination Margins.”

DATES: EFFECTIVE DATE: (Insert date of publication in the *Federal Register*).

FOR FURTHER INFORMATION CONTACT: Edythe Artman or Steve Bezirgianian, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3931 or (202) 482-1131, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 29, 2014, the Department published in the *Federal Register* the preliminary determination in the LTFV investigation of certain steel nails from Malaysia.¹ In the *Preliminary Determination*, we postponed the final determination until no later than 135 days after the publication of the *Preliminary Determination* in accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and invited parties to comment on our *Preliminary Determination*.

The following events occurred since December 17, 2014, the day on which the *Preliminary Determination* was signed. On December 29, 2014, and January 12, 2015, Region System Sdn. Bhd. and Region International Co., Ltd. (collectively Region), one of the mandatory respondents, submitted responses to additional Department requests for information. On December 31, 2014, January 2, 2015, and January 8, 2015, Inmax Sdn. Bhd. (Inmax), the other mandatory respondent, submitted responses to additional Department requests for information. On January 9, 2015, Petitioner, Mid Continent Steel & Wire, Inc., submitted factual information in rebuttal to information submitted by Inmax in its aforementioned January 2, 2015 response.

Between January 26, 2015, and February 13, 2015, the Department conducted sales and cost verifications of both respondents. See the “Verification,” section below. From March 26, 2015, through April 1, 2015, Petitioner, Inmax, and Region submitted case and/or rebuttal briefs. No public hearing was requested from any party.

Period of Investigation

The period of investigation is April 1, 2013, through March 31, 2014.

¹ See *Certain Steel Nails From Malaysia: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*, 79 FR 78055 (December 29, 2014) (*Preliminary Determination*).

Scope of the Investigation

The product covered by this investigation is certain steel nails from Malaysia. For a full description of the scope of the investigation, *see* Appendix I to this notice.

Since the *Preliminary Determination*, several interested parties (*i.e.*, IKEA Supply AG, The Home Depot, Target Corporation, and Petitioner) commented on the scope of these investigations. The Department reviewed these comments and made certain changes. For further discussion, *see* the Issues and Decision Memorandum.² The scope in Appendix I reflects all modifications to the scope made by the Department for this final determination.

Verification

As provided in section 782(i) of the Act, in January 2015 through February 2015, we conducted verifications of the sales and cost information submitted by Inmax and Region for use in our final determination. We used standard verification procedures including an examination of relevant accounting and production records, and original source documents provided by Inmax and its affiliate, Inmax Industries Sdn. Bhd., and by Region.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>; the memorandum is available to all parties in the Central Records Unit,

² *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Abdelali Elouaradia, Acting Office Director for Enforcement and Compliance (Office VI), "Issues and Decision Memorandum for the Final Determination of the Less-Than-Fair-Value Investigation of Certain Steel Nails from Malaysia" (Issues and Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Following analysis of the comments submitted by interested parties, we have assigned a margin to Inmax based on adverse facts available (AFA). For Region, we have made the following changes: revised energy and labor costs; revised common variable overhead; modified the transactions regarded adjustment related to heat treatment service costs; revised U.S. packing expenses for certain packing materials; corrected a billing adjustment for one home market sale; corrected the inland freight expense for several home market sales; corrected product coding for several home market and U.S. sales; and corrected the shipment date and associated imputed credit expense calculations for several U.S. sales. For more details, *see* the accompanying Issue and Decision Memorandum and the company-specific analysis memoranda for the final determination.

Use of Facts Otherwise Available and AFA

In the *Preliminary Determination*, we stated that because the mandatory respondent Tag Fasteners Sdn. Bhd. (Tag) failed to respond to the Department's questionnaire, we preliminarily determined to apply facts otherwise available with an adverse inference to this respondent pursuant to sections 776(a) and (b) of the Act. Pursuant to section 776 of the Act, the Department continues to find it appropriate to base Tag's rate on AFA. In addition, pursuant to sections 776(a) and (b) of the Act, the Department determines it is appropriate to apply facts

otherwise available with an adverse inference to Inmax. In applying AFA, we are assigning Tag and Inmax the highest margin identified in the petition, 39.35 percent.³

Final Determination Margins

The Department determines that the following weighted-average dumping margins exist for the period April 1, 2013, through March 31, 2014:

| Exporter or Producer | Weighted-Average Dumping Margin |
|---|---------------------------------|
| Inmax Sdn. Bhd. | 39.35% |
| Region International Co. Ltd. and Region System Sdn. Bhd. | 2.61% |
| Tag Fasteners Sdn. Bhd. | 39.35% |
| All Others | 2.61% |

All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated “All Others” rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely under section 776 of the Act. The weighted-average margin for exporters and producers individually investigated that meets these criteria is that of Region. Therefore, the All-Others rate is the rate calculated for Region, as indicated in the “Final Determination Margins” section above.

Disclosure

³ See the Issues and Decision Memorandum.

We will disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

Pursuant to sections 735(c)(1)(B) and (C) of the Act, the Department will instruct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of certain steel nails from Malaysia which were entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final determination. We will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as follows: (1) the rates for Inmax, Region, and Tag will be the rates we determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 2.61 percent. These suspension of liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the U.S. International Trade Commission (ITC) of our final determination. As our final determination is affirmative, in accordance with section 735(b)(3) of the Act, the ITC will determine within 45 days whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that such injury exists, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on

all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Return or Destruction of Proprietary Information

This notice will serve as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

Notification to Interested Parties

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Dated: May 13, 2015.

Christian Marsh,
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is certain steel nails having a nominal shaft length not exceeding 12 inches.⁴ Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of this investigation are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (*e.g.*, furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff

⁴ The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

Also excluded from the scope of this investigation are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of this investigation are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of this investigation are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of this investigation are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of this investigation are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to this investigation are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to this investigation also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

Issues Pertaining to Inmax

Comment 1: Application of Adverse Facts Available for Inmax

Issues Pertaining to Region

Comment 2: Region System Energy and Labor Costs

Comment 3: Region System Common Variable Overhead

Comment 4: Region System Heat Treatment Service Costs

Comment 5: Region System Financial Expense Rate

Comment 6: Whether to Revise Region System G&A Expenses to include Region Products
Marketing G&A Expenses

Comment 7: Region System G&A and Interest Expense Calculations

Comment 8: U.S. Warranty Expenses

Comment 9: Packing Expenses

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